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S E C R E T SECTION 01 OF 04 BAKU 000086

C O R R E C T E D C O P Y (CLASSIFICATION MARKINGS)

SIPDIS

FOR EUR/CARC

E.O. 12958: DECL: 07/06/2019  
TAGS: PREL, PGOV, ETRD, EPET, ENRG, PHUM, KDEM, AJ, AM, TU  
SUBJECT: BAKU SCENESETTER FOR U/S BURNS' FEBRUARY 19 VISIT

REF: A. (A) BAKU 66  
B. (B) BAKU 77  
C. (C) 09 BAKU 526

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Classified By: Charge d'Affaires Donald Lu  
for reasons 1.4 (b) and (d).

1. (C) Summary: Your visit to Baku will be a welcome demonstration of high-level attention to Azerbaijan as the Turkey-Armenia normalization process moves toward a conclusion. Baku is plainly seeking assurances that the United States will continue to engage on Nagorno-Karabakh (NK) after the Turkey-Armenia process runs its course. More broadly, President Aliyev seeks proof of strategic American attention as a validation of the generally pro-Western policy tilt Azerbaijan has pursued since independence. This has entailed risks to its relationships with its neighbors, Russia and Iran. President Aliyev has considerable discretion in determining the level of cooperation that he will provide on key security and energy issues, if he believes the United States has given his equities short shrift. Your visit is also an opportunity to convey how Azerbaijan's lackluster human rights and democracy record damages its own equities in the bilateral relationship. Finally, we encourage you to raise construction of a new Embassy compound, key to mission security, with the Azerbaijani leadership. End Summary.

Turkey-Armenia and NK  
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2. (C) Official Azerbaijani reaction to the Turkey-Armenia process has moderated since the initial panic after Turkey and Armenia announced their roadmap to normalization in April 2009, but the basic tenor of dissatisfaction with the process remains. President Aliyev may now be satisfied that Erdogan has painted himself into a corner from which he cannot extricate himself without gaining significant concessions for Azerbaijan on NK.

3. (C) We are asking Aliyev to play a more constructive role in at least tacitly signaling to the Turks that Azerbaijan does not oppose the ratification of the protocols. Even an indirect signal from President Aliyev to Ankara - stating that Turkey would not have to sacrifice ties to Baku to conclude the deal with Armenia - would be significant. Your visit will be a key opportunity to build on D Steinberg's progress on this point from his 5 February meeting with Aliyev. Admittedly, this is a very tall order. Reftel A discusses some moderate incentives that could be employed with Aliyev in the areas of Administration Section 907 policy and defensive military sales (see also paragraphs 6 and 7). Angered by these Congressional restrictions, Aliyev's government has been non-responsive to date on offers of

defense sales within the scope of Section 907. We assess that President Aliyev is seeking a specific indication that President Obama and Secretary Clinton will personally intervene to secure a breakthrough with Armenia. He is especially skeptical of the notion that success on the protocols will result in a more cooperative Armenian attitude toward NK and the occupied territories.

4. (C) You should reinforce Deputy Steinberg's message that a failure on Turkey-Armenia likely means a rupture in the Minsk Group and NK diplomacy generally. Aliyev has given mixed signals about how he would react to such a rupture, as he maintains that it is Sargsian's fault that the six face-to-face meetings they have had have thus far failed to bring results. Your approach to Aliyev should also take into account that Aliyev has indicated, as he did recently to BP's Vice President for Exploration, that he is actually angrier with the United States than with Turkey over the Turkey Armenia normalization issue (Reftel B).

Security: The "Good Part" of the Relationship  
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5. (S) Azerbaijan is a valuable partner to the United States in Afghanistan, particularly in permitting extensive use of its airspace and transport infrastructure to support U.S. logistics. Azerbaijan's value to the Northern Distribution Network (NDN) supply line to the Afghan theater is hard to overestimate. The busiest of NDN's three routes runs through Baku, carrying roughly 35 per cent of NDN throughput.

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Additionally, Azerbaijan permits over 4000 overflights bound for Afghanistan per year. In fact, nearly 100 per cent of today's flights headed to or from the Manas Transit Center or Afghanistan, to points in the West, must transit Azerbaijan's air space. Said another way, Azerbaijan is the one country you must transit on the air and surface corridor to the Afghan theater that does not cross Pakistan or Russia. Without Azerbaijan's basically open-ended cooperation on transit and overflight, the entire NDN would be subject to complications, such as those that nearly shut down Manas last year.

6. (S) Azerbaijan also recently increased its contingent in Afghanistan from 45 to 90, and volunteered for other tasks to support the Afghan government. Azerbaijan and the United States enjoy excellent cooperation on counterterrorism and

Caspian maritime security, both areas that have the advantage of being outside the ambit of Section 907. Secretary Clinton recently wrote to President Aliyev to express appreciation for the arrest and conviction of Ali Mohammed Karaki and Ali Hussein Najmaddin, who were accused of plotting to attack the Israeli Embassy in Baku. DoD has proposed an assessment visit to help it formulate a possible "train and equip" (TEP) program for battalion-strength (400-700 soldiers) rotational deployments of Azerbaijani troops to Afghanistan. However, the GOAJ has been cool to this idea and others, such as a joint intelligence-gathering program for the Caspian in recent months. We attribute this shift in attitude in significant part to resentment within the GOAJ, particularly in the person of Deputy Foreign Minister Araz Azimov, over perceived anti-Azerbaijan policies on NK and Turkey-Armenia. We ask that you raise this issue with President Aliyev, who has consistently said he supports this area of cooperation.

7. (C) After NK and Turkey-Armenia normalization, the Freedom Support Act (FSA) Section 907 is the key Azerbaijani grievance in the bilateral relationship. Azerbaijan remains keenly interested in purchasing U.S. military equipment, and sees Section 907, despite annual waivers, as a barrier. Elements within the GOAJ perceive Section 907 not simply as an impediment to weapons purchases, but a political affront, an attempt by the USG to punish the victim of an invading army. The Foreign Minister therefore may press you for a statement by the Obama Administration indicating its opposition to Section 907, a statement which would be consistent with those of previous Administrations.

Energy: Waiting on April 24  
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8. (C) Discussions in support of the Southern Corridor from the Caspian to European gas markets are moving slowly. In particular, gas transit discussions between Azerbaijan and Turkey on the Italy Turkey Greece Interconnector (ITGI) project are at a standstill. After near-continual negotiating between the parties last fall, President Aliyev now maintains that Azerbaijan will not cement a transit agreement until after April 24, Armenian Remembrance Day. Momentum on the gas discussions appears to have moved firmly out of the commercial and into the political arena. Uncomfortably for the U.S., latent conflict between our Caspian energy policy and our goals for Turkish-Armenian rapprochement may well come to a head in April.

9. (C) Progress is also stalled on the Nabucco pipeline. Project backers have not secured the additional gas from a

second country, (likely Iraq or Turkmenistan), required for this massive pipeline. Azerbaijan remains unimpressed with the commercial package offered by the Nabucco Consortium. President Aliyev recently expressed his displeasure with the &fruitless discussions<sup>8</sup> on Nabucco.

Iran

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10. (C) Senior GOAJ officials grasp basic U.S. policy positions on Iran, but wonder about the breadth of support for these positions in the P5 1 and elsewhere. Foreign Minister Mammadyarov traveled to Tehran in December and considers himself an expert on Iranian internal machinations. The GOAJ leadership is increasingly focused on (and nervous about) the nature and concrete implications for Azerbaijan of tighter Iran sanctions. Overall, the GOAJ,s stance toward Iran is highly confrontation-averse, unless key issues of

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Azerbaijani sovereignty are perceived to be involved. The GOAJ will likely remain skittish on sanctions issues, as it nervously eyes its much larger and more militarily powerful neighbor.

11. (S) GOAJ officials are concerned and pessimistic about Iran,s nuclear program, and believe that both a nuclear and a (subsequently) more assertive Iran are probably inevitable. In principle they do not disagree with us regarding our assessment of the Iranian threat. However, while unhappy about Iran,s activities, the GOAJ feels that its vulnerable geopolitical position in the region requires it to let the major powers do the heavy lifting. In this context, our efforts to encourage the GOAJ to take a public stand on Iran,s nuclear program and other activities are seen by them as pressure to take steps which potentially threaten their core interests, without having the power to affect Iranian practices. In particular, they worry such pressure could drive Iran closer to Armenia.

12. (S) Iran continues to claim sovereignty over significant segments of former Soviet Caspian waters on the basis of a &post-Soviet<sup>8</sup> claim of control over twenty percent of the Caspian seabed. Iran,s recent provocative positioning of the Alborz mobile oil rig into disputed Caspian waters (despite promises not to) is of concern to the GOAJ, but they have not publicized their concern. The GOAJ appears willing to tolerate the situation, so long as the

Iranian rig is not moved further north.

13. (C) Aggressive Iranian outreach and network-building efforts continue, including cultivation of local notables in rural areas, attempted positioning of pro-Iranian mullahs, and proselytizing television broadcasts that reach deep into Azerbaijan. Iran also funds a substantial program of micro-loans, health assistance, scholarships, and free pilgrimages to Iran. Iran's February 1 abolition of visa requirements for Azerbaijani visitors to Iran is regarded with great suspicion by the GOAJ as an attempt to peddle influence. Azerbaijan has announced that it is maintaining its visa regime for Iranian visitors to Azerbaijan.

#### Democracy: The Weakest Leg of Our Cooperation

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14. (C) The GOAJ largely has abandoned the pretense that Azerbaijan is in transition from its Soviet past to a European-style democracy. Recently it criticized those who confuse modernity with westernization. Poor democracy and human rights indicators are rife: the flawed presidential elections of October 2008, the hastily-organized referendum of March 2009 which lifted Presidential term limits, the removal of Voice of America and Radio Free Europe/Radio Liberty from national frequencies, and a wave of provocation and bogus criminal charges against government critics. The high-profile case of the youth activists Emin Milli and Adnan Hajizade, sentenced to 24 and 30 months respectively on trumped-up hooliganism charges, provides evidence of the GOAJ's hostility to "new media" as well. The autonomous exclave of Nakhchivan is a tightly controlled political black hole. Our recent attempt to monitor developments there, in concert with the Norwegian mission, was met by well-organized harassment. Corruption, fueled by oil revenues, is rampant. That said, Azerbaijan's situation pales in comparison to that of Iran, and political violence on the scale seen in the republics of the North Caucasus is largely absent.

15. (C) The youth activists' case may be an opportunity for your advocacy, as their appeal process is underway. U.S. advocacy has achieved modest improvements, such as averting Azerbaijan's attempt to adopt an NGO law more restrictive than Russia's (Reftel C). In general, President Aliyev does not seem well-informed or concerned about the impact of these issues on Azerbaijan's interests in Washington, but it is essential that he develop this awareness.

#### Embassy Security and NEC

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16. (C) The Embassy requests that you repeat earlier requests for support for our efforts to conclude a lease arrangement that would pave the way for the construction of a secure and symbolically important new Embassy compound. While we signed a lease agreement for a site almost two years ago, the

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government has refused to honor the deal. We believe this is because of anger over initially the U.S. vote against an Azerbaijan-sponsored UNGA resolution on NK in March 2008, and lately because of anger over the Turkey-Armenia normalization process. Your advocacy on behalf of finishing this process as a means of ensuring adequate protection for U.S. diplomatic personnel will be helpful.

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